

CHILD CARE SUBSIDIES AND ARRANGEMENTS:
WHY LOW-INCOME FAMILIES LEAVE WORKING CONNECTIONS

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Introduction

Washington's Working Connections Child Care (WCCC) is a subsidy available to low-income working families that helps cover the cost of child care expenses. In general, families are eligible for the subsidy if household income is below 200% of the federal poverty level and parents are working or participating in qualifying training or education.

The program grew steadily from 1997 to 2002 to a peak of over 75,000 children in June 2002. Since then the caseload has declined and leveled off. A number of policy changes have occurred over the time the program has been in existence: eligibility was expanded and then reduced, co-pays have been raised on two occasions, and background checks were implemented.

Questions have arisen about the impact of these changes on families participating in the program, and possibly their decisions not to use Working Connections. Why would a family choose not to use WCCC if they are eligible? Are aspects of the program a deterrent for using subsidies? Are there differences in types of child care arrangements between those on WCCC and those who are eligible but not using the subsidy? What problems do families face in finding child care arrangements? Are care arrangements any more or less stable for WCCC families compared to families no longer using the subsidy?

The Washington State Office of Financial Management conducted a survey of current and former Working Connections families to gather more information around their child care arrangements and utilization of the subsidy program. In addition, respondents were asked about their experiences with the call center application process and issues they may have encountered in looking for child care.

Methods and Response Rates

Two sample groups were identified in the WCCC data: current and former WCCC families. Those in the current group were identified as having used the WCCC subsidy in April 2004. The "former" group were families that had used the subsidy in January or February 2004 but were off in March and April. The sample definition and survey questions were designed to provide information about relatively recent child care decisions and arrangements, rather than asking respondents to recall child care use and motivations from more than a few months earlier. A drawback to this approach, however, is that assessing policy impact on families is not as feasible because the most recent co-pay change was 15 months prior to the survey. It did, however, provide more current information about child care decisions.

Some questions were included in the survey to approximate eligibility for WCCC. Eligibility rules are complex, however, and the survey instrument was not a perfect proxy for eligibility determination. Respondents who reported that they were currently using WCCC were automatically coded as “current” users, regardless of their sampling group (they may have been sampled as a former client but subsequently renewed use of the subsidy). If the respondent did not report currently using WCCC, they were coded in the “former WCCC” group and then categorized according to apparent eligibility. A respondent who was not working or in eligible training was categorized as ineligible. In addition, those who said they were not currently on WCCC and that their income was greater than 200% of the Federal Poverty level (\$31,340 annually for a family of three) were deemed ineligible. After the surveys were categorized, there were 250 current, 163 former WCCC (eligible) and 198 former ineligible. There may be respondents who were classified as eligible for purposes of this report (because they were working and their incomes were within the defined range) but who would not technically be eligible because of their schedules; for example, the parent works during the same hours the child is in school.

For ease of reference, the respondents who were currently using the subsidy at the time of the interview will be referred to as “Current WCCC”, and respondents who appeared to be eligible but were not using WCCC will simply be called “Eligible Formers.”

The Research and Data Analysis Division within the Department of Social and Health Services conducted the interviews via telephone in July and August 2004. A sample of 750 current and former WCCC families was drawn from administrative data records: the end result was 611 completed interviews. The survey had a response rate of 83%.

Reasons for Not Using WCCC

If respondents did not report currently using WCCC, they were asked several questions to identify the reason for leaving the program. As was mentioned above, some respondents were identified as not being eligible – either because the child no longer lives in the household, income exceeded the eligibility cut-off, or the parents were no longer working. The results below focus only on those families that appear to be eligible for Working Connections.

Table 1: Reasons for Not Using WCCC

	Yes	N	%
<i>Eligibility related reasons</i>			
DSHS said you were no longer eligible	58	163	35.6%
You don't think you qualify	11	101	10.9%
	Yes	N	%

<i>Other Reasons (multiple responses allowed)</i>			
You don't need it – a relative provides care	32	91	35.2%
Co-pay was too high	25	92	27.2%
Too confusing or too much hassle	19	92	20.7%
You don't need it – a friend or neighbor provides care	9	91	9.9%
Problem getting DSHS to pay provider	8	91	8.8%
Don't need it – children care for themselves	5	91	5.5%
Transportation to child care provider was a problem	5	91	5.5%
Provider doesn't want to deal with DSHS	4	91	4.4%
Problem communicating with provider (difficulty finding provider who speaks your language)	1	91	1.1%

The reason that was most commonly cited (36%) was “DSHS said you were no longer eligible.” Those who cited this reason were asked for more detail – whether the reason was financial (income was too high), because the respondent or spouse was no longer working or in qualifying training, or some other reason.

Table 2: Ineligibility Reason Cited by DSHS

	(n=58)
Household income was now too high	36.2%
You (or spouse) were not working or in eligible training – but are working now	31.0%
Didn't complete the eligibility review	17.2%
Other	15.5%
	100%

Recall that these are just those respondents who were thought to be eligible at the time of the interview. Therefore among the 58 respondents who said they left WCCC because DSHS said they were ineligible, 31% of them had recently started working, probably making them eligible again. Another 36% reported that their reason for leaving WCCC was because DSHS said their income was too high. They have been included here in the eligible category because their reported income level was under 200% of the federal poverty level. At least two things may account for this discrepancy. First is a change in circumstances. Many families' incomes fluctuate above and below the eligibility cut-off. They may have been income ineligible but by the time of the interview their income had dropped into the eligible range again. Second, the survey questions were merely a proxy for eligibility and not a complete eligibility review. In an actual review, DSHS-WCCC staff would evaluate more precise income information and verifications. Of the 21 respondents whose reason for leaving WCCC was income ineligibility, 3 said their income at the time of the interview was less than 85% of FPL, 9 said it was between 85 – 140% FPL, and 9 said it was more than 140% FPL but less than 200% FPL.

Clients who didn't cite ineligibility reasons (either because DSHS said they were ineligible or because they themselves thought they no longer qualified) were asked a series of other questions about reasons they may have stopped getting the WCCC subsidy. Following eligibility reasons, the most common explanation (35%) was that families didn't need the subsidy because a relative could provide care. Among these, two-thirds did not cite any additional reasons; they were able to have a relative care for the child and that was sufficient reason not to use the subsidy.

More than a quarter of respondents said one reason that contributed to stopping the subsidy was that the co-pay was too high, and one-fifth said it was too much hassle or too confusing.

Concurrent with this survey of Working Connections families, a more general survey¹ about public benefits was conducted of randomly selected low-income families (not specifically those associated with WCCC or other benefits). Results indicate that about one-third of eligible families received Working Connections subsidies. In a format similar to the child care survey, respondents were given a menu of reasons they chose *not* to receive a given benefit. For WCCC, nearly one-fifth were not aware of the program (18%). Among those who had heard of WCCC, the most common response was that respondents felt they "make too much money to be eligible" (42%). Among those who chose neither of those explanations, most felt that they could "get by without these benefits" (74%) and two-thirds said they had arrangements with a relative, friends, or neighbors. Another frequently cited reason (23%) is that "children care for themselves."

Although the results differ between the two surveys, it is not unexpected given the difference in the samples: the child care survey targeted families that have recently been on WCCC while the benefits survey looked at the low-income population generally. The general population of eligible families are less likely to know about WCCC and it is reasonable that they would be more likely to have care arrangements that are not connected to the subsidy program (such as care provided by a neighbor or relative or the children caring for themselves).

Call Center Evaluation

The vast majority of Working Connections applications are processed through regional call centers. Typically if someone is interested in applying for a child care subsidy, she or he would be referred to a regional call center and the application would be handled via phone. Nine percent of Current WCCC and 13 percent of Eligible Formers said that they hadn't used the call center for applying or getting information. Most of these noted that they applied in-person at their

¹ "Going It Alone: Why Eligible Families Choose Not to Receive Public Benefits" by Debbie Zeidenberg, OFM WorkFirst Performance Team.

local DSHS office. Almost 90 percent of all respondents, however, had some experience with the call center and answered several questions about their call center experiences.

The majority of respondents reported positive experiences with the call centers. More than three-quarters of people agreed that call center staff listened to what they had to say, that it was easy to get the information needed to apply, that staff acted promptly on the application, and that staff explained things clearly. A majority of respondents also said they received consistent information every time they called the call center (70% of Current WCCC and 62% of Eligible Formers). The responses to the question about the wait on the phone were less positive, with fewer than half saying that the time was reasonable.

Table 3: Call Center Experiences (Agree or Strongly Agree)

	Current WCCC (n=227)	Eligible Former (n=143)
Call center staff listened to what we had to say *	85%	75%
Easy to get the information I needed to apply	83%	81%
Staff acted promptly on my application	82%	75%
Call center staff explained things clearly	79%	77%
I got consistent information every time I called the call center	70%	62%
The wait (on hold on the phone) to reach call center staff was reasonable	44%	35%

* Chi-square test indicates statistically significant difference at .05 level.

Child Care Arrangements and Costs

A significant majority of Current WCCC respondents (72%) have children who are cared for in centers or in a licensed family child care home. This compares to only 22% of those in the Eligible Formers group. The most common arrangement cited by Eligible Formers was another relative (other than spouse/partner). They were also more likely to rely on friends or neighbors. In addition, in some situations the respondent or his or her partner was able to take the child to work or that their schedules were arranged around times when the children were in school.

Table 4: Child Care Arrangements

	Current WCCC (n=250)	Eligible Former (n=161)
Child care center or family child care home *	72.0%	22.4%
Other relative *	11.6%	34.2%
Babysitter	12.8%	11.2%
Friends or neighbors *	0%	8.7%
Other * ²	3.6%	12.4%
Respondent *	0%	5.6%
Spouse or partner *	0%	5.6%

* Chi-square test indicates statistically significant difference at .05 level.

Respondents were asked to provide information on costs and hours in care for a randomly selected child as well as their total child care costs. More than one-third of the Eligible Formers had free care for the selected child (37%) and almost one-fifth had no child care costs for all children. Compared to the Former Eligible group, Current WCCC respondents used more child care (an average of 36 hours compared to 30 hours). Among those families that did not have free care, the median total cost of child care was \$200 for Eligible Formers and \$50 for Current WCCC families.

Table 5: Costs and Hours in Child Care

	Current WCCC	Eligible Former
	<i>Mean (median)</i>	
Hours in primary care arrangement for selected child *	35.9 (40)	29.6 (30)
Families with free care for selected child	--	37%
Families with free care for all children	--	19%
Cost of all care for selected child (excludes families with free care) *	\$79 (\$50)	\$214 (\$200)
Total child care costs [for all children < 13] (excludes families with free care) *	\$94 (\$50)	\$261 (\$200)
Co-Pay	\$75 (\$50)	--

* T-test indicates statistically significant difference at .05 level.

² "Other" includes school, Y Care, Headstart, ECEAP, child cares for self and miscellaneous responses.

Reasons for Changing Child Care Arrangements

Respondents were asked if they had changed their main child care provider within the last 12 months. The majority of respondents (60% of Current WCCC and 54% of Eligible Formers) had stable child care arrangements for at least one year. For those who did change providers, most said there was only one change (69% of Current and 65% of Eligible Formers). There were several reasons commonly cited:

Table 6: Changing Child Care Arrangements

	Current WCCC (n=100)	Eligible Former (n=75)
Provider schedule or availability change	23.0%	16.0%
Respondent's job or schedule changed	15.0%	12.0%
Family moved	15.0%	13.3%
Switched to a more preferred provider	14.0%	16.0%
Problems with the provider	13.0%	13.3%
Respondent had problems paying the provider (including too expensive)	4.0%	12.0%
Problems with the DSHS subsidy	2.0%	5.3%
Other	14.0%	12.0%

The reported reasons for changing child care arrangements are consistent with the findings about the use of the child care subsidy: family circumstances regularly shift for the eligible population, resulting in some sort of change around child care. Among those who were categorized as Eligible Formers, 53% planned to reapply and 22% of those had already submitted an application. Many families had experienced changes that impact child care arrangements, such as losing a job, a changing schedule, or moving (at least 25% of Eligible Formers and 12% of current WCCC).

Difficulties Finding Child Care

Respondents who had changed providers in the last year were asked about problems they may have had when making new care arrangements. The most commonly reported reason was having an odd schedule or shift at work, which was noted by about half of respondents who had made new arrangements. This is not surprising given that a majority of respondents (62% of Current WCCC and 77% of Eligible Formers) had jobs with varying schedules or with hours outside the typical weekday daytime schedule.

More specifically, 57% of Current WCCC and 70% of Eligible Formers had jobs that required them to work weekends, nights or early morning hours. Similarly, 34% of Current WCCC respondents and 45% of Eligible Formers said their work schedule varied from week to week.

Table 7: Difficulties Finding Child Care

	Current WCCC (n=100)	Eligible Former (n=75)
You have an odd schedule/shift at work	52.0%	48.0%
Hard to find a provider with vacancies	42.0%	29.3%
The available child care was of poor quality	26.0%	22.7%
Providers rates too high *	13.0%	26.7%
Your child has special needs	12.0%	16.2%
It was hard finding a provider that would accept subsidies	11.0%	17.3%
Your subsidy didn't cover provider's rate	11.0%	12.0%
Difficulty finding a provider for an infant	8.0%	10.7%

* Chi-square test indicates statistically significant difference at .05 level.

This leads to a question about child care stability for those parents who have varying or non-standard work schedules. Among those Current WCCC families where the parent worked a varying or non-standard work schedule, 45% had experienced a change in child care arrangements in the last year, compared to only 32% for those with standard job schedules, a statistically significant difference. The pattern was similar though not statistically significant for Eligible Former families.

Table 8: Change in Child Care Arrangements by Work Schedule

	Varying or Non-Standard Job Schedule	Standard Work Hours
Current WCCC *	45%	32%
Eligible Formers	48%	38%

* Chi-square test indicates statistically significant difference at .05 level.

This data about changing child care providers, in conjunction with reported problems in looking for new care arrangements, show that 18% of all Current WCCC and 20% of all Eligible Formers reported that they had an odd shift at work *and* it created problems in finding a child care provider.

Family Characteristics

Current WCCC and Eligible Former respondents had similar family characteristics. Respondents were on average about 30 years old with a mean family size of 3.2. The median number of children under 12 years of age was two, and the maximum number of children in a household was seven. Thirty-eight percent of Current WCCC families and 45% of Eligible Formers had only one child under thirteen years. One-quarter of Current WCCC respondents and 17% of Eligible Formers had less than a high school education, although the difference between the two groups is not statistically significant.

Table 9: Family Characteristics

	Current WCCC	Eligible Former
Respondent Age (mean years)	29.6	30.1
Family size (mean)	3.2	3.3
Number of children under 12 years (mean)	1.9	1.8
Age of youngest child (median)	3	4
<i>Education Level of Respondents</i>		
Less than high school	25.4%	17.2%
High School (12 years of education)	39.1%	47.9%
More than high school education	35.5%	35.0%

Table 10: Reported Income Levels

	Current WCCC ³	Eligible Former
85% FPL or below	43.8%	41.2%
86-140% FPL	40.2%	34.6%
141 – 200% FPL	14.9%	24.2%

Eligible Formers were more likely to be married than Current WCCC respondents (20% compared to 10%). Among those that are not married, the Eligible Formers are also more likely to be living with a partner (18% compared to 10% of Current WCCC). Because Eligible Formers are more likely to have two adults in the home, they may have additional schedule flexibility or income opportunities that help them transition away from using the subsidy.

³ Among respondents who said they were currently on WCCC, three (or 1.2%) said their income was over 200% FPL.

Table 11: Marital Status

	Current WCCC	Eligible Former
Single	57.0%	48.8%
Married	10.4%	20.1%
Divorced	18.9%	19.5%
Separated	13.7%	11.0%

Table 12: Race and Ethnicity

	Current WCCC	Eligible Former
White	67.6%	70.1%
Black	13.2%	15.2%
American Indian / Alaskan Native	6.4%	2.4%
Asian or Pacific Islander	3.6%	4.9%
Other	13.2%	11.0%
Hispanic	16.4%	19.5%

Respondents could choose multiple categories; the total therefore adds to more than 100 percent.

Conclusion

Results from the survey highlighted some of the transitions and challenges that face families that are eligible for child care subsidies. Among those who appeared to be eligible but were not currently using WCCC, 53% planned to re-apply for the subsidy, 77% had jobs with varying schedules or with hours outside the typical weekday daytime schedule, and 46% said their child care arrangements had changed in the last year. For many, income or family circumstances fluctuated and they expected to use the subsidy again in the future. For others the instability or unusual nature of their employment hours led them to find alternative care arrangements.